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## Making your wireless quest easier

By Jeff Goldberg, Point.com

Thinking about buying a wireless phone? Join the crowd.

Every day more than 46,000 Americans sign up for new wireless service or switch carriers. Buying a wireless phone is more complex than most electronics purchases, but it needn't be confusing if you know the basics before you buy.

### The necessities

A service plan, also called a rate plan. This is an agreement in which the wireless carrier provides you with access to its network and usually a set number of calling minutes at a specified monthly price, referred to as included minutes.

A wireless phone, also called a cellular phone, or cell phone. Phones can be analog or digital, or both. Digital phones are either digital cellular or digital PCS (personal communications service), which operate at different frequencies but provide identical features.

### Cost

The average user spends about \$40 per month for wireless service, not including long-distance calls, according to the Cellular Telecommunications Industry Association (CTIA). Service for digital cellular and PCS phones generally costs less per minute of talk time than analog service, but digital phones typically cost more than analog phones.

### Figuring out your needs

You buy wireless service in bundles of minutes that you consume each month rather than paying a flat rate for unlimited monthly service. How much calling time do you need? The average wireless consumer uses 100 to 200 minutes per month. As a first-time buyer, you'll have to estimate your usage. Try this: Guess the number of calls you'll make each week, multiply that by four to get a monthly figure, and then multiply the total by 2.5 minutes (the average length of a wireless call) to estimate the number of minutes you'll use each month.

If you make calls after using all your included minutes, you'll be charged a per-minute rate that is usually higher than the per-minute rate of your included minutes. If you don't use all your allotted minutes in a given month, most carriers won't credit you for the leftover time or let you carry those minutes into the next month.

If you frequently have leftover minutes or exceed your included minutes, call your carrier and ask to be switched to a more appropriate plan.

#### **Per-minute charges**

The included minutes in your calling plan are typically anytime minutes. You can use anytime minutes during peak hours or off-peak hours. Peak hours generally start on weekdays around 7 a.m. or 8 a.m. and last until the early evening hours. Your plan may include a second block of calling time for off-peak hours, which include evenings, weekends and some holidays. Peak and off-peak hours often vary, so check with your carrier before making your decision.

Off-peak minutes are one of the better deals in the industry and usually are offered in big bundles, such as 500 off-peak minutes for as little as \$5 per month. If you make most of your calls at night and on weekends, consider buying a big block of off-peak minutes along with a small block of anytime minutes.

#### **Phone prices vary**

The cheapest wireless phones are low-end analog models that often come free when purchased along with a one-, two- or three-year service plan.

Digital phones (which include digital cellular and PCS models) are the most expensive, usually \$50 to \$200, although they can be much more expensive.

Ultra-small handsets have recently come way down in price, although a few cost up to \$400.

#### **Buy service with the phone**

It's almost always cheaper to buy a phone with a service plan because the carrier subsidizes the purchase price of the phone. You can purchase the phone separately, but you'll generally save \$200 to \$300 on the phone if you buy it with a service plan.

The cost of service over a one- to three-year period will generally dwarf the cost of a phone, so first-time buyers should generally shop first for service, then choose one of the compatible phones offered by the carrier or retailer. Carriers typically offer a choice of two to six phones, while some retailers may stock 10 or more models.

### Figure your costs

Shop for a plan and phone combination with the lowest overall cost of ownership, which is the cost of the phone plus the cost of service during the contract life. Here's an example:

Plan A and Plan B each give you 300 minutes of calling time. Plan A gives you a free phone but requires a one-year contract at \$49 per month. Plan B charges \$100 for the same phone but charges only \$25 per month for service.

After a full year, Plan A would have cost you \$588, while Plan B would have cost you only \$400, saving you \$188 even though you paid a lot more for the Plan B phone.

### Wireless technologies

Analog phones operate with an older technology than digital phones, but analog service is available almost everywhere in the United States.

Digital cellular and PCS phones use newer technologies, including CDMA (code division multiple access), TDMA (time division multiple access), GSM (global system for mobile communications) and iDEN (integrated dispatch enhanced network).

It's important to know that these digital technologies are incompatible, so a digital phone can't be used everywhere. If you want a digital phone, look for a dual-mode model that also operates as an analog phone when you're out of range of a digital network.

### Three phone sizes

Handheld phones fit into a pocket or purse and weigh from 3 to about 7 ounces, although most weigh between 4 and 5 ounces. Handheld phones greatly outsell all other types combined.

Transportable phones are attached by a cord to a battery/transmitter package that can weigh as much as a portable computer.

Car phones are built into the dash like a CD player.

### **Contract vs. prepaid**

Most wireless service is sold on month-to-month agreements, or with one-, two- or three-year contracts with a fixed monthly cost that includes a set amount of minutes. For example, you might pay \$30 a month for 200 minutes of local calls. Before signing a contract, you must go through the carrier's credit check.

If you have credit problems or don't want to go through the credit check, or just want more control over your charges, consider a prepaid plan. Most carriers allow you to prepay for set amounts of calling time. Be aware that you'll need to have your own phone or buy a wireless phone to use with prepaid service, and you'll pay higher per-minute calling rates.

### **Where to shop**

Wireless phones and service are sold most everywhere, including this site, specialty retailers, carrier-owned stores and electronics superstores. Wherever you shop, make sure you compare both plans and phones. That either requires a lot of driving around town or doing what you're doing now — comparison shopping on Point.com.

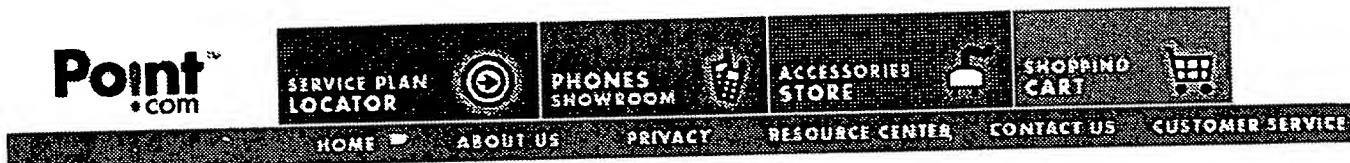
### **Service area is key**

Every carrier has a home calling area where you pay the lowest per-minute rate for calls. Outside the home area, you're roaming, which means you'll pay more per call. Before buying wireless service, check out the carrier's coverage-area maps on Point.com to make sure you'll get home-area service where you most often use your phone.

### **First bill unlike the rest**

The first monthly bill you get from the carrier is likely to be your largest. It generally includes the cost of the handset, a prorated month of service, the following month's service, taxes and miscellaneous charges, such as any accessories you bought from the carrier.

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## Understanding PCS

PCS stands for personal communications service. PCS offers consumers some advantages over traditional analog service:

PCS is entirely digital, giving PCS phones static-free operation, lower power requirements (and therefore longer battery life) and a significant advantage over analog phones in transmitting data such as alphanumeric messages. Voice quality on PCS phones is generally better than on analog phones.

For consumers, PCS generally means a small digital phone that offers long talk times and advanced calling features such as three-way calling, caller ID and short message service. Some PCS phones can even surf the Internet in a limited way. Selling these add-on services with the basic calling plan can make PCS highly profitable for carriers, according to industry analysts.

Most PCS networks operate on high-frequency, 1900-MHz bands auctioned by the Federal Communications Commission (FCC) beginning in 1994 specifically to increase competition among wireless carriers. AT&T Wireless Services operates what it calls Digital PCS on 800-MHz digital cellular networks in some cities; newer AT&T PCS networks operate at 1900 MHz.

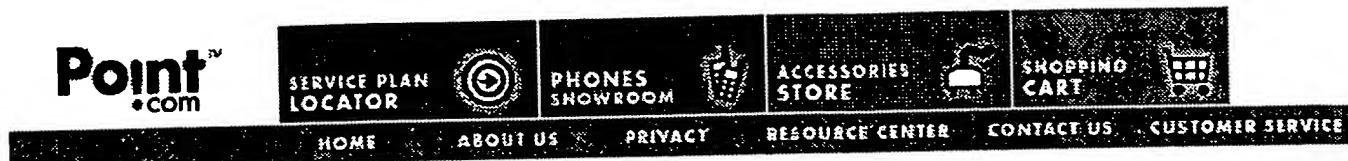
PCS is being rapidly deployed throughout the United States. The first PCS network lit up in 1996, and already hundreds of systems are in various stages of development. Some type of PCS service is available to about 60 percent to 70 percent of U.S. homes, compared with more than 90 percent of homes that can get analog service.

PCS service is highly competitive. PCS airtime costs at least 25 percent less per minute than analog airtime, and sometimes even less than that. In some cases, PCS customers also receive such benefits as no long-term service contracts, free first incoming minute and per-second billing. However, PCS carriers don't give away handsets the way analog carriers do. Many PCS handsets cost \$100 or

carriers do. Many PCS handsets cost \$100 or more.

PCS networks operate on three different and incompatible digital standards. As a result, PCS phone owners cannot freely roam outside their home service areas. To address the roaming issue, carriers have introduced dual-band PCS phones that can also operate as digital cellular phones, and tri-mode phones that can operate as either digital cellular or analog phones.

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## Resource Center

### **Why do many carriers require a one-year service agreement?**

Wireless carriers generally require long-term service agreements for analog phones (but often not for digital cellular and digital personal communications service phones) because the carrier heavily subsidizes the price of the phone. The carrier earns back the phone subsidy, which could be \$250, over the 12, 24 or 36 monthly payments you make for service during the life of the contract.

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